



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Central Pierce Fire & Rescue

For the period January 1, 2021 through December 31, 2021

Published May 30, 2024

Report No. 1034897



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**Office of the Washington State Auditor
Pat McCarthy**

May 30, 2024

Board of Commissioners
Central Pierce Fire & Rescue
Spanaway, Washington

Report on Financial Statements

Please find attached our report on Central Pierce Fire & Rescue's financial statements.

We are issuing this report in order to provide information on the District's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Central Pierce Fire & Rescue January 1, 2021 through December 31, 2021

Board of Commissioners
Central Pierce Fire & Rescue
Spanaway, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Central Pierce Fire & Rescue, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated May 23, 2024.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the District using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

May 23, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Central Pierce Fire & Rescue January 1, 2021 through December 31, 2021

Board of Commissioners
Central Pierce Fire & Rescue
Spanaway, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Central Pierce Fire & Rescue, as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the District has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of Central Pierce Fire & Rescue, and its changes in cash and investments, for the year ended December 31, 2021, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Central Pierce Fire & Rescue, as of December 31, 2021, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the District in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Matter of Emphasis

As discussed in Note 3 to the 2021 financial statements, as a result of the COVID-19 pandemic, the full extent of the direct or indirect financial impact on the District is unknown at this time. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS Manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other

records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2024 on our consideration of the District's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

May 23, 2024

FINANCIAL SECTION

Central Pierce Fire & Rescue January 1, 2021 through December 31, 2021

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2021
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2021
Notes to the Financial Statements – 2021

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2021

Central Pierce Fire & Rescue
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		Total for All Funds (Memo Only)	001 General Fund	101 EMS Administration	102 GEMT Administration
Beginning Cash and Investments					
308	Beginning Cash and Investments	44,039,865	17,800,825	4,136,998	9,641,834
388 / 588	Net Adjustments	4,726	4,726	-	-
Revenues					
310	Taxes	40,125,318	27,924,605	9,702,478	-
320	Licenses and Permits	27,515	27,515	-	-
330	Intergovernmental Revenues	10,454,214	176,762	178,479	10,098,880
340	Charges for Goods and Services	30,636,528	24,485,227	6,151,301	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,122,916	1,064,761	47,750	-
Total Revenues:		82,366,491	53,678,870	16,080,008	10,098,880
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	66,355,503	49,845,991	16,503,163	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		66,355,503	49,845,991	16,503,163	-
Excess (Deficiency) Revenues over Expenditures:		16,010,988	3,832,879	(423,155)	10,098,880
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	10,570,493	6,153,362	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	112,877	94,249	18,628	-
Total Other Increases in Fund Resources:		10,683,370	6,247,611	18,628	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	4,556,810	4,494,960	-	-
591-593, 599	Debt Service	6,914,433	4,477,920	-	-
597	Transfers-Out	10,570,493	-	-	10,570,493
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		22,041,736	8,972,880	-	10,570,493
Increase (Decrease) in Cash and Investments:		4,652,622	1,107,610	(404,527)	(471,613)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	29,788,779	4,726	3,732,472	9,170,221
50841	Committed	3,477,235	3,477,235	-	-
50851	Assigned	11,100,000	11,100,000	-	-
50891	Unassigned	4,331,203	4,331,203	-	-
Total Ending Cash and Investments		48,697,217	18,913,164	3,732,472	9,170,221

The accompanying notes are an integral part of this statement.

Central Pierce Fire & Rescue
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		201 GO Debt Fund Administration	301 Facility Capital Fund
Beginning Cash and Investments			
308	Beginning Cash and Investments	428,432	12,031,776
388 / 588	Net Adjustments	-	-
Revenues			
310	Taxes	2,498,235	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	93	-
340	Charges for Goods and Services	-	-
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	927	9,478
Total Revenues:		2,499,255	9,478
Expenditures			
510	General Government	-	-
520	Public Safety	-	6,349
530	Utilities	-	-
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		-	6,349
Excess (Deficiency) Revenues over Expenditures:		2,499,255	3,129
Other Increases in Fund Resources			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	-	4,417,131
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	-	-
Total Other Increases in Fund Resources:		-	4,417,131
Other Decreases in Fund Resources			
594-595	Capital Expenditures	-	61,850
591-593, 599	Debt Service	2,436,513	-
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		2,436,513	61,850
Increase (Decrease) in Cash and Investments:		62,742	4,358,410
Ending Cash and Investments			
50821	Nonspendable	-	-
50831	Restricted	491,174	16,390,186
50841	Committed	-	-
50851	Assigned	-	-
50891	Unassigned	-	-
Total Ending Cash and Investments		491,174	16,390,186

The accompanying notes are an integral part of this statement.

Central Pierce Fire & Rescue
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		<u>Custodial</u>
308	Beginning Cash and Investments	841
388 & 588	Net Adjustments	(841)
310-390	Additions	-
510-590	Deductions	-
	Net Increase (Decrease) in Cash and Investments:	-
508	Ending Cash and Investments	-

The accompanying notes are an integral part of this statement.

Central Pierce Fire & Rescue
Notes to the Financial Statements
For the year ended 12/31/2021

Note 1 - Summary of Significant Accounting Policies

Central Pierce was incorporated in February 1996 as a result of a merger between Fire Districts No. 6, No. 7, and No. 9. City of Puyallup annexed into the District January 2009, and Pierce County Fire District No. 11 merged into the District in September 2009.

The District operates under the laws of the state of Washington applicable to a Fire District. The District is a special purpose local government and provides 24-hour emergency medical and fire suppression protection to approximately 230,339 citizens in the Parkland, Spanaway, Midland, Summit, Frederickson, and South Hill areas of Pierce County as well as the City of Puyallup.

The District reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

Custodial Funds

These funds are used to account for assets that the government holds on behalf of others in a custodial capacity.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law the District also recognizes expenditures paid during thirty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 4, *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 720 hours and is 100% payable upon separation or retirement. Sick leave may be accumulated up to 2000 hours. Upon separation or retirement unused sick leave is payable to the employee at 25% for unused sick leave. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 5, *Long-term Debt*.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and ending cash and investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by resolution of the Board of Fire Commissioners.

When expenditures that meet restrictions are incurred, the District intends to use the most restricted resources first.

Restrictions and commitments ending cash and investments consist of \$33,261,288.

Note 2 – Budget Compliance

A. Budgets

The District adopts annual appropriated budgets for six (6) funds. These budgets are appropriated at the fund level, and the budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end, except for capital outlays, which are carried forward from year to year until expended or the purpose of the appropriation has been accomplished or abandoned.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund/Department	Final Appropriated Amount	Actual Expenditures	Variance
General Fund 001	\$ 64,891,993	\$ 58,818,871	\$ 6,073,122
EMS Fund 101	16,622,093	16,503,163	118,930
GEMT Fund 102	12,242,799	10,570,493	1,672,306
Debt Fund 201	2,500,000	2,436,513	63,487
Capital Projects Fund 301	9,080,000	68,200	9,011,800
HRA/Flex 630	50,000	15,032	34,968
	\$ 105,386,885	\$ 88,412,272	\$ 16,974,613

Budgeted amounts are authorized to be transferred between line items within divisions; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be formally approved by the District's Board of Fire Commissioners.

Note 3 – COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel and in-person interactions.

The elected officials of the District subsequently declared a state of emergency. Immediate operational directives were put in place to protect our staff and citizens while we continue emergency responses. Cost-tracking is ongoing and the District is pursuing all levels of financial resources to recover expenditure costs.

The length of time these measures will continue to be in place, and the full extent of the financial impact on the District is unknown at this time.

Note 4 – Deposits and Investments

It is the District's policy to invest all temporary cash surpluses. The interest on these investments credits the General Fund except where pro-rated to the debt services and capital projects funds.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the District or its agent in the government's name.

Investments are reported at original cost. Investments by type at December 31, 2021 are as follows:

	District Owned Investments	Investments held by Pierce County as an Agent of the District	Total
LGIP	-	33,773,561	33,773,561
US Government Securities	-	-	-
Other:	-	-	-
Total	-	33,773,561	33,773,561

Note 5 – Long-Term Debt

Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the District and summarizes the District's debt transactions for year ended December 31, 2021.

The debt service requirements for general obligation bonds and capital leases are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	1,380,000	1,149,202	2,529,202
2023	1,420,000	1,065,917	2,485,917
2024	1,485,000	980,007	2,465,007
2025	1,550,000	980,007	2,530,007
2026-2030	8,795,000	3,745,119	12,540,119
2031-2035	10,810,000	1,793,850	12,603,850
TOTALS	<u>\$ 25,440,000</u>	<u>\$ 9,714,102</u>	<u>\$ 35,154,102</u>

Note 6 – Other Post-Employment Benefits (OPEB Plans)

OPEB

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the District as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2021, the plan had 10 members, all retirees. For the year ended December 31, 2021, the District paid \$73,932 in benefits.

The District also has a commitment to pay for other post-employment benefits (OPEB) for employees that belong to LEOFF 2 (medical premiums/VEBA) per resolution no. 13-01 of the Board of Fire Commissioners. The District pays qualified members a monthly benefit toward retiree medical, which is capped at a 7.5% increase annually, and ceases at the age of 65. As of December 31, 2021 the plan had 56 LEOFF 2 retired/qualified members and 273 active employees. The District paid plan benefits of \$544,424 in 2021. The present value of OPEB liability as of December 31, 2021 is \$16,731,293.

Note 7 – Pension Plans

A. State Sponsored Pension Plans

Substantially all district full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans:

Public Employees' Retirement System (PERS)
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2021, the District's proportionate share of the collective net pension liabilities/assets, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$ 153,230	0.020571 %	\$ 251,220
PERS 2/3	250,614	0.026456 %	(2,635,443)
LEOFF 1	0	0.036639 %	(1,255,092)
LEOFF 2	\$ 1,946,290	0.976347 %	(56,710,276)

LEOFF Plan 1

The District participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The District also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

B. Defined Contribution Pension Plans

457 (b) Plans

The District has various Collective Bargaining Agreements and Personal Services contracts that define the employer contributions to eligible 457 (b) plans. In 2021, the maximum monthly contribution for most employees was \$334 per month. For the year ending December 31, 2021 the District contributed a total of \$1,234,939 to:

VOYA Financial
Decision Point Financial
DCP (State of Washington)

Note 8 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received by the District. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The District's regular levy for the year 2021 was \$0.94 per \$1,000 on an assessed valuation of \$29,838,098,935 for a total regular levy of \$27,953,898.

The District's EMS levy for the year 2021 was \$0.37 per \$1,000 on an assessed valuation of \$29,838,098,935 for a total EMS levy of \$11,024,450.

The District's Excess levy for the year 2021 was \$0.08 per \$1,000 on an assessed valuation of \$29,566,474,554 for a total Excess levy of \$2,500,000.

Note 9 – Risk Management

The District purchases property and liability insurance on an annual basis effective October 1st of each year.

Property insurance consists of guaranteed replacement cost, special risk coverage including earthquake and flood on all real and personal property including portable firefighting equipment. There is a \$10,000 single occurrence deductible per loss. Portable equipment is covered with a \$5,000 deductible and guaranteed replacement cost. Earthquake and flood coverage provides a per occurrence and annual aggregate at each location of \$1,000,000, with an excess coverage endorsement of \$10,000,000 of Earthquake coverage to be utilized for all locations. However, the deductible for earthquake and flood is \$1,000 per occurrence.

Physical damage coverage for fleet equipment differs for vehicles classed as either emergency service apparatus or those classed as private passenger type vehicles. Emergency service vehicles are covered on an agreed amount basis per the schedule in the insurance contract with a \$5,000 deductible. Private passenger type vehicles are covered on an actual cash value basis with a \$2,000 collision and a \$2,000 comprehensive deductible. Vehicle liability (\$1,000,000 combined single limit) includes liability coverage for all vehicles including non-owned and hired autos.

Employee dishonesty coverage is \$1,000,000 with no deductible. Liability coverage includes general liability, medical malpractice, personal injury and completed operations. Coverage also provides Directors and Officers liability and Employment Practices Liability coverage. The basic limits for all the above described liability coverage is \$1,000,000 per occurrence and \$10,000,000 Aggregate. The District purchases a \$10,000,000 Occurrence/\$20,000,000 Aggregate Umbrella liability policy which covers and adds to the \$1,000,000 basic liability coverage above. There are no liability deductibles and all defense costs, if any, are in addition to the policy limits.

Settlements have not exceeded coverages for each of the past three fiscal years.

The District is self-insured for unemployment benefits, and Washington State bills us on a reimbursement basis. The District is pay as you go as there is no material liability for this benefit as so few employees draw unemployment.

Note 10 - Other Disclosures

Contingencies and Litigations.

In November 2022 the District was named by a claimant in a joint tort against City of Puyallup. The claim is for \$15,000,000 in damages and the District is being represented by the District's insurance company McNeil and Company. The claim is not yet resolved, and no preliminary opinions or estimates of liability are available.

Central Pierce Fire & Rescue
Schedule of Liabilities
For the Year Ended December 31, 2021

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	GO Bonds - voted	12/1/2033	26,780,000	-	1,340,000	25,440,000
Total General Obligation Debt/Liabilities:			26,780,000	-	1,340,000	25,440,000
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		8,812,639	692,053	932,394	8,572,298
264.30	Pension Liability		984,979	-	733,759	251,220
263.52	Capital Lease		4,237,975	-	4,237,975	-
264.40	OPEB Liability		14,300,945	3,048,704	618,356	16,731,293
Total Revenue and Other (non G.O.) Debt/Liabilities:			28,336,538	3,740,757	6,522,484	25,554,811
Total Liabilities:			55,116,538	3,740,757	7,862,484	50,994,811

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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